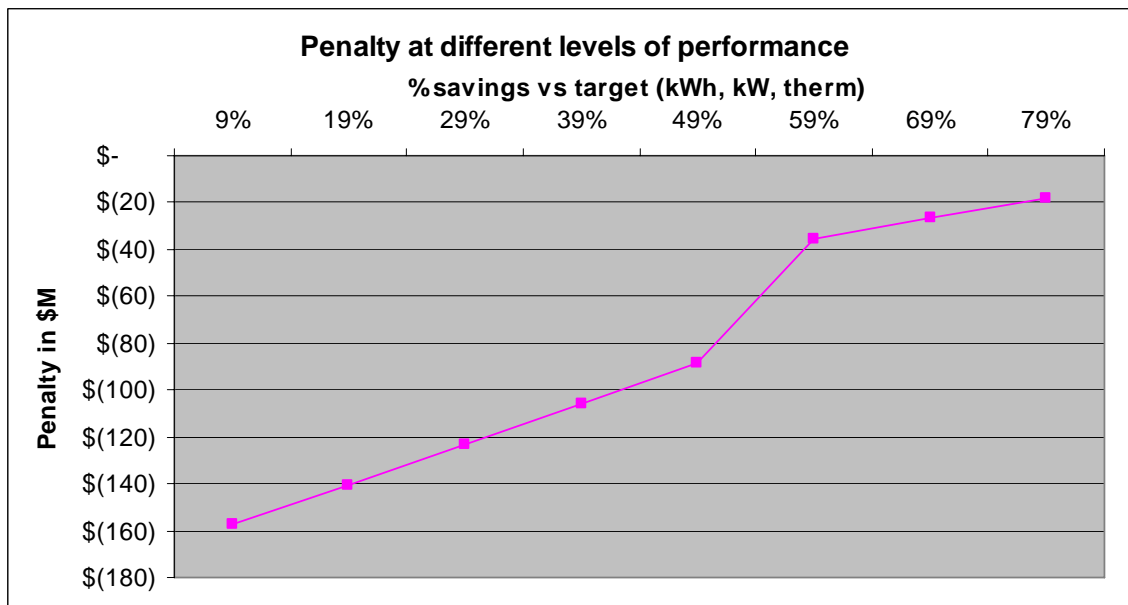
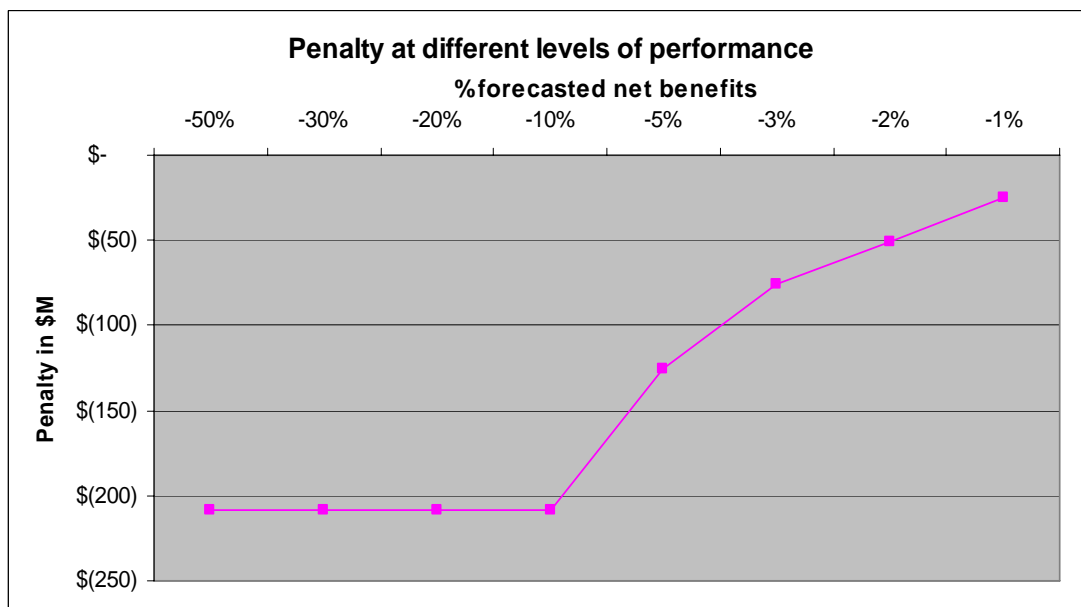


DRA Figure 3: Sample Penalty Calculation



DRA Figure 4: Sample Negative Net Benefits Calculation

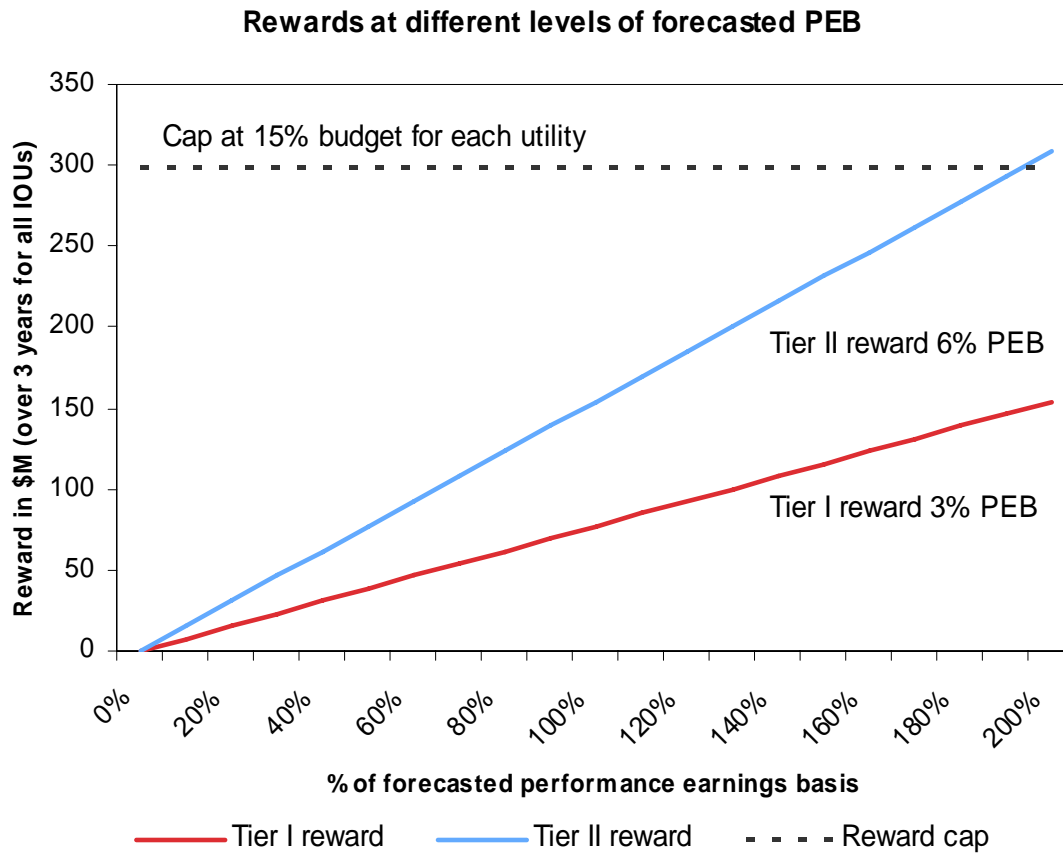


DRA Figure 5: Projected IOU Earnings Based on Forecasted Savings and Net Benefits

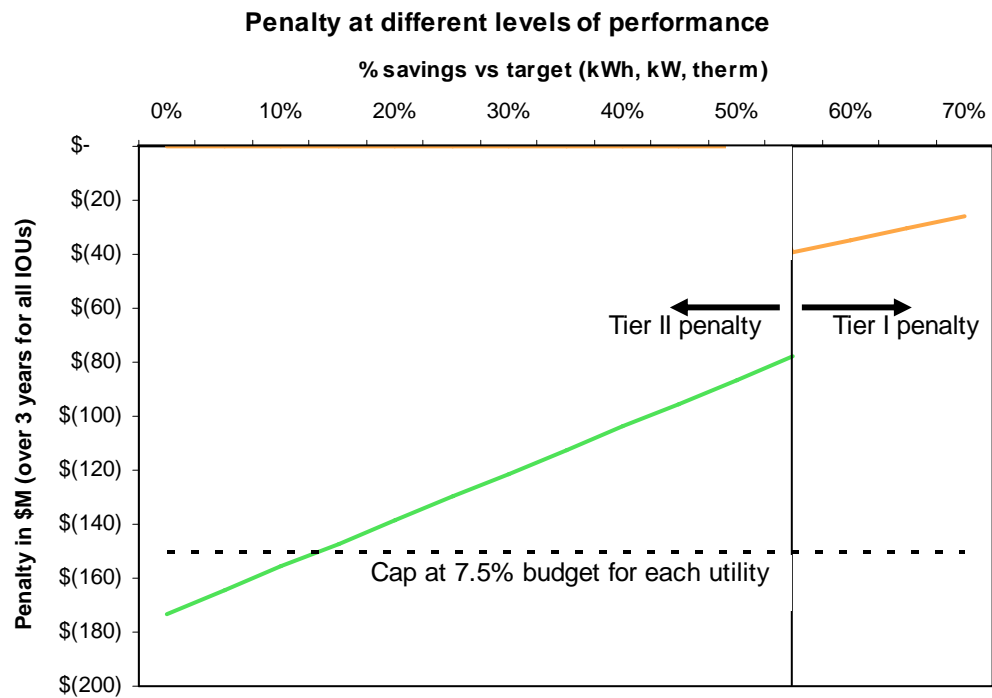
	PG&E	SCE	SDGE	SCG	Total
Authorized Budget (incl. EM&V), \$M	\$ 942.5	\$ 677.4	\$ 278.1	\$ 182.4	\$ 2,080.3
3-year CPUC Target (GWh/yr)	2,826	3,135	850	-	6,811
Forecasted Savings w/o C&S (GWh/yr)	3,005	3,179	974	-	7,158
50% of allocated pre-2006 C&S savings	130	134	31	-	295
% GWh Target	111%	106%	118%	-	109%
3-year CPUC Target (MW/yr)	613	687	163	-	1,463
Forecasted Savings w/o C&S (MW/yr)	601	816	215	-	1,632
50% of allocated pre-2006 C&S savings	37	39	9	-	85
% MW Target	104%	124%	138%	-	117%
3-year CPUC Target (Mth/yr)	44.9	-	9.5	57.3	111.7
Forecasted Savings w/o C&S (Mth/yr)	45.0	-	11.2	65.2	121.5
50% of allocated pre-2006 C&S savings	2.5	-	0.3	4.0	6.8
% Therm Target	106%	-	121%	121%	115%
Assigned Incentive Tier based on forecasted savings	Tier I	Tier I	Tier I	Tier II	
Forecasted Performance Earnings Basis, PEB(f), \$M	\$ 853.92	\$ \$1,185.52	\$ 334.15	\$ 143.18	\$ 2,516.78

Applicable Performance	2.50%	2.00%	2.50%	4.50%	
Earnings Rate					
Projected Earnings at PEB(f)	\$	\$	\$	\$	\$
, \$M	21.35	23.71	8.35	6.44	59.86
Projected Earnings as % of	2.27%	3.50%	3.00%	3.53%	2.88%
Authorized Budget					

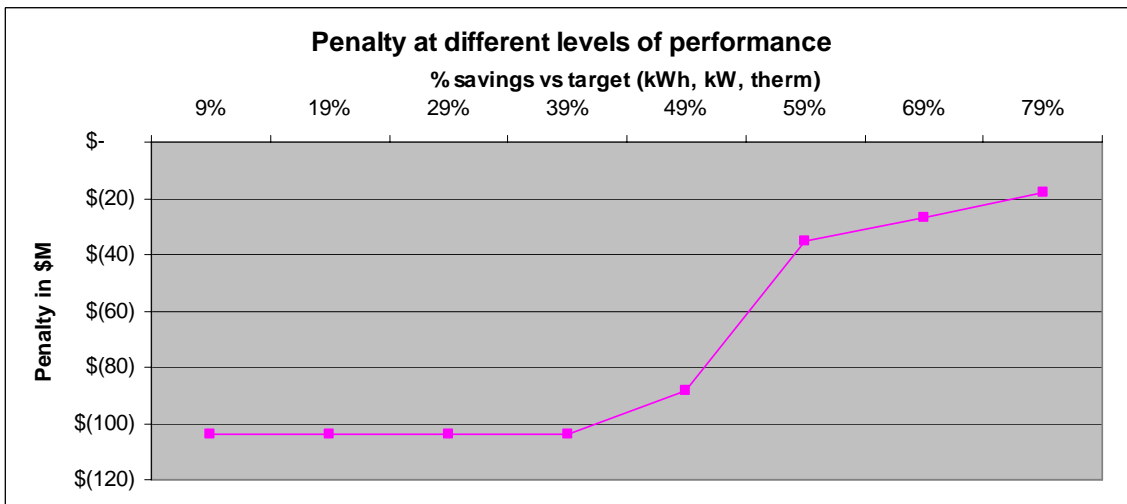
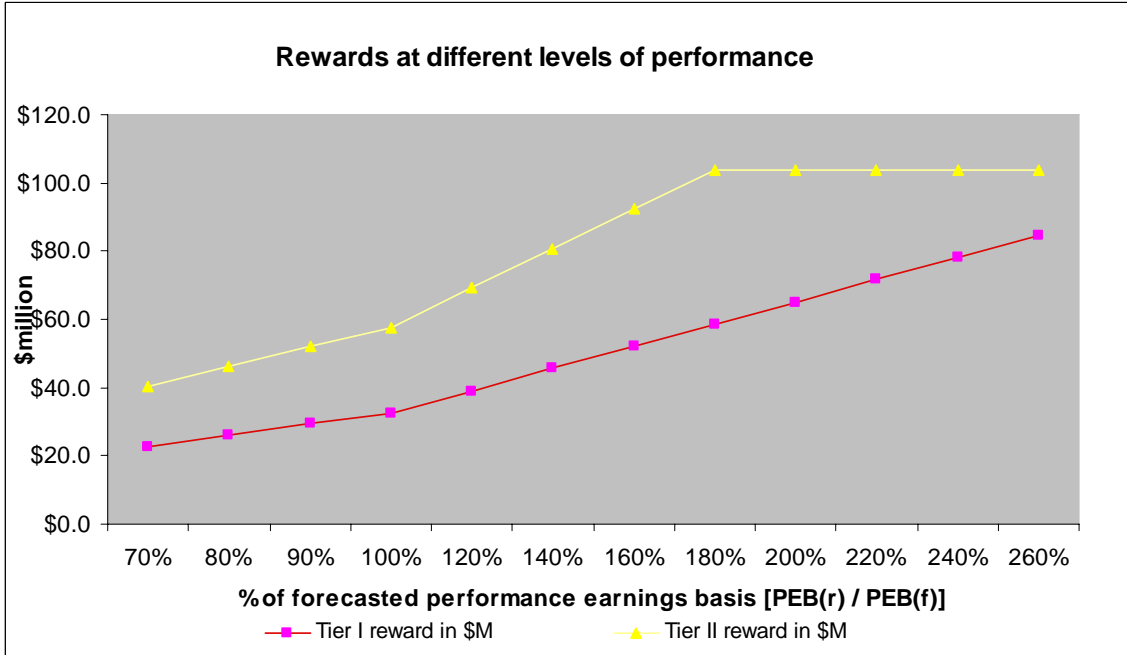
NRDC Figure 3: Potential Earnings for 2006-08 Utility Portfolios



NRDC Figure 4: Potential Earnings for 2006-08 Utility Portfolios



TURN ATTACHMENT 2



TURN ATTACHMENT 3

Earnings/Penalty estimates at different levels of performance

Range of Potential Earnings									
% of projected net benefits	70%	80%	90%	100%	120%	140%	160%	180%	200%
Tier I reward in \$M	\$22.8	\$26	29.3	\$33	\$39	\$46 \$81	\$52	\$59 \$104	\$65
Tier II reward in \$M	\$40.4	\$46.2	\$51.9	\$58	\$69		\$92		\$104
Tier II A Peak Demand Kicker\$M	\$57.0	\$65.1	\$73.3	\$81.4	\$97.7	\$104	\$104	\$104	\$104

Range of Potential Penalties based on missed goals									
% therms savings vs target	9%	19%	29%	39%	49%	59%	69%	79%	89%
% kwh savings vs target	9%	19%	29%	39%	49%	59%	69%	79%	89%
% therm savings vs target	9%	19%	29%	39%	49%	59%	69%	79%	89%
Penalty in \$M	\$ (104)	\$ (104)	\$ (104)	\$ (104)	\$ (88)	-36	-27	-18	-14%

[illegible]